

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 PA-01 AGRE-00 IO-13 NEA-10 /117 W
-----128682 081035Z /12

R 080931Z AUG 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 9750

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USADB

FOR NAC AGENCIES

EO 11652:N/A
TAGS: EAID, EFIN, ADB, VN
SUBJECT: PROPOSED REACTIVATION OF ADB LOAN FOR TAN AN
- INTEGRATED AGRICULTURAL DEVELOPMENT PROJECT
- (VIETNAM)

REF: MANILA 13622

SUMMARY: THE BASIC OBJECTIVES OF THE PROJECT WERE TO
MINIMIZE RISKS AND UNCERTAINTIES IN FARM PRODUCTION,
CASUED IN PARTICULAR BY FLOODING, SALINITY INTRUSION,
POOR DRAINAGE, SEASONAL SHORTAGE OF IRRIGATION WATER AND
INSUFFICIENT AGRICULTURAL SERVICES, WITH THE VIEW TO
STRENGTHENING THE FARM PRODUCTION BASE AND INCREASING THE
INCOME LEVEL OF SMALL FARMERS IN 8,220 HA. (NET IRRIGABLE
AREA) OF THE PROJECT AREA. AT THE TIME OF APPRAISAL, THE
MAIN FACILITIES TO BE CONSTRUCTED UNDER THE PROJECT
INCLUDED: (I) AN INTAKE STRUCTURE AND ASSOCIATED NAVIGA-
TION LOCK; (II) FLOOD AND SALINITY CONTROL DIKES AND MAJOR
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DRAINAGE SLUICES; (III) SEVEN IRRIGATION PUMPING PLANTS,
INCLUDING ELECTRIC POWER SUPPLY FACILITIES; (IV) GRAVITY
IRRIGATION AND DRAINAGE NETWORKS; (V) FARM ACCESS ROADS;
AND (VI) A PILOT DEMONSTRATION FARM. CONSULTING SERVICES
TO ASSIST IN ENGINEERING AND CONSTRUCTION SUPERVISION,
WATER AND SOIL MANAGEMENT AND FARM EXTENSION SERVICES
WERE ALSO TO BE PROVIDED. ACCORDING TO BANK DOCUMENT

THERE ARE NO PLANS TO ESTABLISH NEW ECONOMIC ZONES OR STATE FARMS IN THE PROJECT AREA. BANK CONSIDERS PROJECT TECHNICALLY AND ECONOMICALLY FEASIBLE. END SUMMARY.

1. ADB DOC. R71-78 POUCHED ADDRESSEES AUGUST 4. BOARD CONSIDERATION SCHEDULED FOR AUGUST 24.

2. THE LOAN IS NOT YET EFFECTIVE. NO CONSTRUCTION WORK HAS BEEN CARRIED OUT BY THE GOVERNMENT IN THE PROJECT AREA SINCE APRIL 1975. HOWEVER, IN AN ADJACENT AREA TO THE EAS OF THE PROJECT COVERING SOME 12,300 HA. IDENTIFIED AS THE PHASE II DEVELOPMENT UNDER THE OVERALL IRRIGATION DEVELOPMENT SCHEME OF THE TAN AN AREA (ABOUT 30,000 HA.), CERTAIN WORKS (DIKES, SLUICES AND GATES) ARE ALREADY UNDER CONSTRUCTION USING MAINLY MANUAL LABOR.

3. THE REVISED TOTAL COST FOR THE TAN AN PROJECT IS ESTIMATED AT DOLLARS 15.1 MILLION, OF WHICH THE FOREIGN EXCHANGE COMPONENT IS DOLLARS 5.9 MILLION. THE ORIGINAL LOAN AMOUNT FOR THE PROJECT (DOLLARS 7.4 MILLION) CONSISTE OF DOLLARS 5.6 MILLION FOR FOREIGN COST EXPENDITURES AND DOLLARS 1.8 MILLION FOR LOCAL COST EXPENDITURES. THE GOVERNMENT REQUESTED THAT THE AMOUNT ALLOCATED FOR LOCAL COST EXPENDITURES BE REDUCED TO DOLLARS 1.5 MILLION, AND THE AMOUNT ALLOCATED FOR FOREIGN EXPENDITURES BE CORRESPONDINGLY INCREASED TO DOLLARS 5.9 MILLION, MAKING UP THE LIMITED OFFICIAL USE

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TOTAL OF DOLLARS 7.4 MILLION. THE ORIGINAL AND THE REVISE COST ESTIMATES ARE SHOWN IN THE FOLLOWING TABLES:

- ORIGINAL AND REVISED COST ESTIMATES - TAN AN PROJECT
- (DOLLARS '000)

- ORIGINAL (SEP 1974)

- ITEM LOCAL FOREIGN TOTAL

CIVIL WORKS	5,269	--	5,296
EQUIPMENT	--	2,731	2,731
CONSTRUCTION MATERIALS	--	791	791
CONSULTING SERVICES	751	1,053	1,804
CONTINGENCIES	1,080	1,025	2,105

TOTAL	7,100	5,600	12,700
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LOCAL CURRENCY

FINANCING	1,800
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GRAND TOTAL

(LOAN AMOUNT) 7,400

- ORIGINAL AND REVISED COST ESTIMATES - TAN AN PROJECT
- (DOLLARS 'OOO)

- REVISED (JUNE 1978)

- ITEM LOCAL FOREIGN TOTAL

CIVIL WORKS	8,370	--	8,370
EQUIPMENT	--	3,700	3,700

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 IO-13 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 ICA-11 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 L-03 H-01 PA-01 AGRE-00 /117 W
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CONSTRUCTION MATERIALS	--	1,500	1,500
CONSULTING SERVICES	--	180	180
CONTINGENCIES	830	520	1,350

TOTAL	9,200	5,900	15,100
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LOCAL CURRENCY

FINANCING	1,500
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GRAND TOTAL

(LOAN AMOUNT) 7,400

4. THE PROJECT COVERS ABOUT 8,700 HA. OF CULTIVABLE AREA, OF WHICH 8,200 HA. WILL BE BROUGHT UNDER YEAR-ROUND IRRIGATION. IN ADDITION, THE PROJECT WILL ALSO PROVIDE EFFICIENT DRAINAGE FACILITIES. THE PROJECT AREA HAS A POPULATION OF 38,000 OR ABOUT 7,800 FAMILIES. THE GROSS CROPPED AREA PRESENTLY IS ABOUT 9,700 HA., 95 PERCENT OF WHICH IS

PLANTED TO PADDY, BOTH DRY AND WET, AND THE REST WITH A
NUMBER OF SECONDARY CROPS. WITH IRRIGATION, IT WOULD BE
POSSIBLE TO DOUBLE-CROP PADDY IN THE ENTIRE AREA AND GROW
POSSIBLE THIRD CROP OF VEGETABLES, PULSES, ETC., TO A
SIGNIFICANT EXTENT. ASSUMING ONLY DOUBLE-CROPPING OF PADDY AND
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1,500 HA. OF SECONDARY CROP IN THE THIRD SEASON, THE CROP
INTENSITY IN THE PROJECT AREA WILL RISE TO 215 PERCENT AS
AGAINST 110 PERCENT WITHOUT THE PROJECT. IRRIGATION,
TOGETHER WITH OTHER PRACTICES INCLUDING FERTILIZER APPLICA
TIONS, WILL RAISE THE YIELD POTENTIAL TO 4.0 TONS PER HA.
COMPARED WITH 4.25 TONS PER HA. AS ORIGINALLY PROJECTED
AND 2.5 TONS PER HA. WITHOUT THE PROJECT. THE PROJECT
COST HAS INCREASED BY 20 PERCENT, WHILE RICE PRICE HAS
INCREASED BY 30 PERCENT. CONSTRUCTION PERIOD AND GESTA-
TION PERIOD HAVE BEEN SHORTENED. AS A RESULT, THE EIRR
WORKS OUT TO 30 PERCENT COMPARED WITH 14.3 PERCENT AT THE
TIME OF THE ORIGINAL APPRAISAL.

5. FOR BACKGROUND, PROCUREMENT AND EXECUTING AGENCY INFOR
MATION PLEASE SEE PARAS 8 THROUGH 16, REFTEL. EDMOND

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Message Attributes

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